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FROM : AMEMBASSY, GUATEMALA

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

December 18, 1953
DATE

REF : Embassy's Telegram No. 154, December 17, 1953

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SUBJECT: CONVERSATION BETWEEN AMBASSADOR JOHN E. PEURIFOY AND COLONEL JACOBO ARBENZ GUSMAN, PRESIDENT OF GUATEMALA

Attached is a memorandum of conversation which I had with the President and Mrs. Arbenz on Wednesday, December 16. This conversation lasted six hours.

It is quite apparent that it is going to be very difficult to turn the trend when the leaders of the country feel as they do concerning Communism.

John E. Peurifoy

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MEMORANDUM OF CONVERSATION

December 17, 1953

PARTICIPANTS: President Jacobo ARBENZ Guzman
Mrs. ARBENZ
Ambassador John E. Peurifoy
Mrs. Peurifoy

My wife and I attended a private dinner last evening at President and Mrs. Arbenz'. There were no other persons present. Our talks lasted approximately six hours.

I told the President that I was interested in seeing what I could do to improve relations between our two countries, and I wondered if he had any suggestions. The President stated that the problem in this country is one between the Fruit Company and the Government. He went into a long dissertation giving the history of the Fruit Company from 1904; and since then, he complains, they have paid no taxes to the Government. He said that today when the Government has a budget of 70 million to meet, the Fruit Company contributes approximately $150,000. This is derived solely from the one-cent tax applied to each stem of bananas which is exported.

I interrupted the President at this point to tell him that I thought we should consider first things first and that it seemed to me that as long as the Communists exerted the influence which they presently do with the Government, I did not see any real hope of bringing about better relations. I reviewed for the President the efforts the United States has made to help free people all over the world. The President then said that there were some Communists in the Government and that they had a certain amount of influence. He launched on the usual line that these Communists are "local." He went into the past history of his friendship with GUTIERREZ and FORTUNY, both of whom he claimed were honest men. I told him that many countries had thought they were dealing with honest men in the past but awakened too late to the fact that the Communists were in control and that those men were now either dead or in prison. He said this could not happen here. The Communists were no threat to the country. I told him I was extremely skeptical.

I asked him if Sr. Waldemar BARRIOS Klee, who was in the National Agrarian Department as Deputy, was not a Communist. Mrs. Arbenz interrupted to say that he was not, but the President told her that he was sure Mr. BARRIOS Klee was a Communist.

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I asked him about Señora FORTUNY, who is the Secretary General of the Department and wife of the Communist leader. Both of the Arbenzes said that she was not a member of the Communist Party even though her husband was. Mrs. Arbenz remarked that it was a love match. I conceded that love could carry people to extremes and certainly this seemed to be a fine example.

I asked him why these leaders in the Communist movement visited Moscow frequently if they were products of only Guatemala. He said that they were merely going to Moscow to study Marxism and not necessarily to get instructions for running the Communists in Guatemala. Mrs. Arbenz said that the Communists here went to Moscow to study Marxism from an economic point of view but this had no connection with their political beliefs. She further stated that there were no Communists in Guatemala before the Fruit Company's campaign against the Government. I replied that I had heard the Fruit Company accused of many things, but I thought it was stretching things a little too far to say that it was responsible for the Communists; also, that I believed both of them were making a serious mistake in believing that the Communists' indoctrination applied only to economics; however, even if this were true, I did not consider their economics very sound.

The President said that my predecessor had told him that the manager of the Guatemala Institute of Social Security, Alfonso SOLORZANO, was a member of the Communist Party but he, the President, knew better. I informed him that my information agreed with Mr. Schoenfeld's and that we did consider SOLORZANO a Communist, perhaps not a member of FORTUNY'S PGT.

I asked the President if the Director General of Radio Broadcasting, Sr. Carlos ALVARADO Jerez, was a Communist. Again Mrs. Arbenz said he was not, but again the President admitted that he was.

The President told me that he had instructed him not to carry any Government programs which would be critical of the United States and that if I had any evidence to this effect, he would appreciate my telling him. I told the President the Government radio station attacked my Government every night. He explained this away by saying that, of course, the Government radio permitted political parties to use time on the air and if they attacked the United States, why the Government was not responsible. I told him that this seemed very strange to me, since it would appear that if you controlled a radio station you could certainly control the programs. His reply was that this was a free country and that they did not intend to have censorship. I smilingly remarked that if this were true, I wished that they would leave my letters alone.

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The President reverted to the subject of agrarian reform. He commented on how there had been much opposition from American circles and others in the country. I told him that we had worked and were working with countries who had introduced land reforms. I cited my experience in Greece. I also cited the present situation in Bolivia. I told him that the difference seemed to lie in the administration and not in the principle of assisting poor people to obtain land which they could work. I pointed out that perhaps the explanation was in the fact that the National Agrarian Department was dominated by Communists and that, in addition to Sr. BARRIOS Klee, twelve of the twenty agrarian inspectors are said to be Communist, four of whom are publicly avowed Communists.

I told the President that not only were we concerned but that his neighbors were concerned. He said most of his neighbors were permitting the Fruit Company to finance counter-espionage and counter-revolutions within their countries against his Government. I asked him whether he had any proof of the activities in this field. I told him that as far back as 1945 my Government had declared that U.S. business should not intervene in the internal affairs of nations in the Hemisphere if they expected U. S. support. Therefore, I would be very interested in knowing of any proof which he might have. The President said that the next time we met he would give me some photostats which, while not naming the Fruit Company, would certainly indicate that Castillo Armas was receiving money. He said that he assumed it was from the Fruit Company although it was quite possible that Trujillo, of the Dominican Republic, had been the benefactor.

I told the President that since he had said that the Communists were of no consequence in Guatemala and that the Government was in full control, I had found it strange that Guatemala had cast its vote against the inclusion of Communist Infiltration on the Agenda at the next meeting of the OAS in Caracas. He said that his Government had taken the position that this would be internal interference and that they did not want outsiders coming in to investigate their country. I told him that this was not a question of investigation but discussing means and methods of combatting a godless ideology. He reiterated his views that Communism was no threat.

I told the President that I could not agree with this line of thinking and there had been ample proof in many areas where the Communists have championed free elections, freedom of religion, press, and speech; however, when they assumed control of any country the opposite always took place.

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I said to the President that I was sorry he had had no concrete proposals to make to me which would improve our relations.

He then reverted to the Fruit Company and said this was the biggest stumbling block; that this was a large American organization which dominated the press of the United States. I told him that the Fruit Company was relatively a small corporation by American standards and that, in so far as I knew, no corporation dominated any of the press in the United States. After all, I pointed out, there have been many newspapermen who have come to Guatemala and have determined on the spot the facts. They have talked with all types of people here in the city and have reached their conclusions independently.

I stated, furthermore, that I was surprised to learn that a member of his Government had stated that Mr. Cabot was a large stockholder in the United Fruit Company and that this just was not so. He said he was glad to get this information.

I asked the President why it was that this Congress had during the current year held memorial services for Stalin when he died. Mrs. Arbenz interjected to state that the reason for this was that the people of Guatemala had regarded Roosevelt, Churchill and Stalin as saviors of the world and that perhaps when Mr. Churchill passes on, Congress will hold memorial services for him, that all during the war the Guatemalan people had been led to believe that these three men were the saviors of the world. I told the President that I found this difficult to understand in view of the actions of the Soviet Union since the end of the war.

I inquired of the President if it were true that the Congress had passed a resolution condemning the United States for using bacteriological warfare and congratulating the people of North Korea for their great struggle. The President said that he did not know but that he would check this fact. I told him that this was a deliberate lie, that he was fully aware of the humaneness of the American people and that we had never used this type of warfare.

I then asked the President whether his Government took advertising, thereby subsidizing Tribuna Popular, the Communist organ here in Guatemala. Mrs. Arbenz said the Government never did, but again the President admitted that the National Agrarian Department probably did on occasion place advertisements in this journal.

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At 2:00 a.m. we took our leave. The President said he was very happy to have had this talk. I told him that I, too, was happy over the chance to talk with both of them privately but that, frankly, I was disappointed because I did not think we had accomplished anything. He said that in time after I had become more familiar with the country I would probably come around to his way of thinking and that when that happened perhaps I could help his Government. I told him that I did not believe anything would make me a convert to Communism and that, regardless of how long I stayed, this line would never appeal to me and neither does it appeal to Americans.

I told him I was afraid the situation would get even worse because Americans found it hard to understand why this country tolerated the great Commie influence from so few people. We had given our blood, my Government had to maintain a large tax structure, all of which we did and would continue to do as long as Communism threatened free nations.

The President gave me Mrs. Arbenz' secretary's private phone number and asked me to call directly to the Palace if I ever wanted to get in touch with him and he would see me without the formality of going through the Foreign Office. I thanked him and told him that, naturally, if he ever wished to see me, I was available at all times.

CONCLUSION:

In conclusion I am definitely convinced that if the President is not a Communist, he will certainly do until one comes along. I am even more convinced that Mrs. Arbenz has extreme views and great influence on her husband, that she is a person to be reckoned with, extremely shrewd and smart. Also, I am convinced further that the normal approaches will probably not work in Guatemala. Furthermore, the longer we remain idle and do nothing, the more difficult it is going to be to change the situation. This very small group of Communists is strongly entrenched and is strangling the nation day by day. The candle is burning slowly and surely, and it is only a matter of time before the large American interests will be forced out completely.

JEPeurifoy:fpb